

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 SSO-00 INRE-00 CAB-09 CIAE-00 COME-00

DODE-00 DOTE-00 EB-11 INR-10 NSAE-00 RSC-01 FAA-00

L-03 OMB-01 /061 R

DRAFTED BY EUR/CE:RWBECKER:RF 4/9/74 23456

APPROVED BY EUR: WSTABLER

EUR/CE:GLRUECKERT

EB/OA/AN:RCPARR

EUR/CE:SGEORGE

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O P 092043Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

INFO USMISSION BERLIN PRIORITY

AMEMBASSY LONDON

USMISSION NATO

AMEMBASSY PARIS

C O N F I D E N T I A L STATE 071654

E.O. 11652: GDS

TAGS: ETRN, WB, GW, US, UK, FR

SUBJEC: PANAM REQUEST FOR BERLIN AIR SERVICE FARE INCREASE

REF: A. BONN 5543

B. BONN 5559

1. DEPT. APPRECIATES PAN AM'S REASONS FOR SUBMITTING FARE INCREASE PROPOSAL (REF A) WHICH STILL UNDER REVIEW BY TECHNICAL EXPERTS. EVEN IF EXPERTS FIND PROPOSAL TO BE JUSTIFIED, HOWEVER, WE FORESEE SERIOUS DIFFICULTIES IN SENAT, FRG, PRESS AND WITH TRAVELLING PUBLIC IF YET ANOTHER FARE INCREASE IS REQUIRED SO SOON AFTER APPROVAL OF TEN PERCENT RISE LESS THAN TWO MONTHS AGO. WE WONDER IF ALTERNATIVE METHOD OF COVERING ESCALATING FULL COSTS SUCH AS SUGGESTED PARA TWO BELOW MIGHT NOT BE FOUND. WE WOULD HOPE
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AIRLINES AND CAAS WOULD EXPLORE SUCH POSSIBILITIES BEFORE

RAISING FARE INCREASE WITH FRG. FOR TIME BEING, THEREFORE, PAN AM FARE PROPOSAL SHOULD BE KEPT CONFIDENTIAL BETWEEN AIRLINE AND CAAS AND SUGGESTED SCENARIO FOR INFORMING FRG BCATAG REP AND FULL BCATAG (PARA FIVE REF B) SHOULD BE DROPPED. EMBASSY AND UK CAAS SHOULD SEEK TO IMPRESS UPON

PAN AM AND BRITISH AIRWAYS (BA) THAT ANY PUBLICITY ABOUT PRESENT FARE INCREASE PROPOSALS PRIOR TO MAKING CAREFULLY PLANNED PRESENTATION TO FRG COULD SERIOUSLY PREJUDICE AIRLINE'S CASE AND WOULD COMPLICATE UNDUELY ALLIED TASK OF CONVINCING FRG OF NEED FOR INCREASE AT THIS TIME.

2. BECAUSE NEW FARE INCREASE REQUEST ALMOST CERTAIN TO HAVE NEGATIVE REPERCUSSIONS BOTH IN FRG AND BERLIN, AND MIGHT FURTHER REDUCE VOLUME OF AIR TRAFFIC, EMBASSY SHOULD EXPLORE WITH PAN AM ALTERNATIVE POSSIBILITIES FOR COVERING INCREASED FUEL COSTS. TWO POSSIBILITIES ARE FRG FUEL SUBSIDY OR FRG ABSORPTION OF LANDING AND OTHER AIRPORT COSTS. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR CARGO, AIR FARES, PASSENGERS, JET FUEL, PRICES, AIRPORTS, COST ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE071654
Document Source: CORE
Document Unique ID: 00
Drafter: RWBECKER:RF 4/9/74 23456
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740081-0279
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740454/aaaabxiy.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. BONN 5543
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 01 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Aug-2001 by kelleyw0>; APPROVED <06 MAR 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: C: PANAM REQUEST FOR BERLIN AIR SERVICE FARE INCREASE
TAGS: ETRN, WB, GE, US, UK, FR, PANAM
To: BONN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005